

THE UNITED STATES PATENT AND TRADEMARK OFFICE

KSW-PROSE-002

In Re Application of: Kenneth S. Wheelock  
Serial Number: 09/777,329  
Filed: February 5, 2001  
Examiner: Janice A. Mooneyham  
Group Art Unit: 3629  
For: A BUSINESS METHOD FOR RESERVING INTELLECTUAL  
PROPERTY RIGHTS IN MATERIALS OR ARTICLES CLAIMED  
IN PATENTS

Box AF  
Honorable Commissioner of  
Patents and Trademarks  
Washington, DC 20231

---

BRIEF ON APPEAL

---

Dear Sir:

I. INTRODUCTION

This is an appeal under 37 CFR 1.191 from the decision of the Examiner set forth in the Official Action mailed March 3, 2004. In that action, Claims 1 and 3 -28 were finally rejected. Applicant filed a Notice of Appeal on June 3, 2004. Because Applicant filed a Notice of Appeal prior to the September 13, 2004 change to rules governing appeals and appellate practice, Applicant is entitled to extensions of time as a matter of right. Accompanying this Brief is a Petition for a two-month extension of time extending the time for response to October 3, 2004 and an authorization for the fees therefore. Since October 3, 2004 falls on a Sunday the time for response is extended to Monday, October 4, 2004

---

CERTIFICATE OF MAILING (37 CFR 1.8a)

I hereby certify that this paper (along with any paper referred to as being attached or enclosed) is being deposited with the United States Postal Service on the date shown below with sufficient postage as first class mail in an envelope addressed to the: Commissioner of Patents and Trademarks, Washington, DC 20231.

Date:

*October 4, 2004*

*Kenneth S. Wheelock*  
Kenneth S. Wheelock

10/07/2004 CCHAU1 00000028 09777329

01 FC:2402

170.00 0P

**A. REAL PARTY IN INTEREST**

Kenneth S. Wheelock is the real party in interest of the instant appeal.

**B. RELATED APPEALS AND INTERFERENCES**

There are no related appeals or interferences known to Applicant at the time of filing the instant Brief on Appeal

**C. STATUS OF CLAIMS**

Claims 1 and 3 -28 are pending. All of these pending claims are the subject of the present appeal. Applicants note that claims 9 and 12 improperly depend from previously canceled claim 2. Upon favorable action by the Honorable Board of Appeals, Applicant will correct the improper dependency of claims 9 and 12, to properly depend from claim 1. The claims do not all stand or fall together.

**D. STATUS OF AMENDMENTS**

A preliminary amendment was filed June 4, 2002 and was entered as evidenced by the Examiner's non-final Action mailed March 26, 2003. Responsive to the Examiner's second non-final action mailed September 10, 2003, Applicant submitted an amendment mailed December 9, 2003 which amendment was entered as evidenced by the Examiner's Final Action finally rejecting all the pending claims mailed March 3, 2004. The Notice of Appeal was filed June 3, 2004.

## **II. SUMMARY OF THE INVENTION**

Applicant's invention is a method of doing business comprising the transfer of goods owned by a transferor from said transferor to a transferee wherein the goods are claimed in one or more patents and wherein rights in the goods are transferred by means of a contract, license or lease having terms said rights in the goods comprising intellectual property rights wherein the terms of the contract, license or lease reserve some or all of the intellectual property rights in the goods to the licensor and wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the contract, license or lease.

## **III. THE ISSUES**

### **A. The Rejections**

#### **Claim Rejections Under 35 U.S.C. §101**

The Examiner has rejected claims 1 and 3 - 28 under 35 U.S.C. §101 as being directed to non-statutory subject matter. In the final rejection the Examiner stated:

"In the present case, claim 1 and 3 - 28 only recites an abstract idea. The recited steps of transferring goods which are claimed in one or more patents by a legal document, such as a license or lease, does not apply, involve, use, or advance the technological arts since all of the recited steps can be performed in the mind of the user or by use of a pencil and paper. These steps only constitute an idea of how to transfer a bundle of rights using a legal instrument and thus, are only an abstract idea."

#### **Claim Rejections Under 35 U.S.C. §102(b)**

The Examiner has rejected claims 1 and 3 - 28 under 35 U.S.C. §102(b) as anticipated by Erbisch and Maredia, Intellectual Property Rights in Agricultural

Biotechnology (herein after Erbisch), stating: “ Erbisch discloses a method of doing business comprising the transfer of intellectual property rights in goods from a licensor to a licensee. Terms and conditions are inherent in any license (pages 31 - 47).”

**Claim Rejections Under 35 U.S.C. §103(a)**

The Examiner has rejected claims 1 and 3 - 28 under 35 U.S.C. §103(a) as being unpatentable over Erbisch and Maredia, Intellectual Property Rights in Agricultural Biotechnology (herein after Erbisch). In making the rejection the Examiner states:

“Claims 1, 13, 25, 26, 27 and 28 all read on a method of doing business comprising the transfer of goods from a licensor to a licensee or comprising the transfer of goods from a transferor to a transferee by a license in the area of intellectual property.

Erbisch discloses a method of doing business comprising the transfer of goods from a licensor to a licensee or a transferor to a transferee by a license having terms in the area of intellectual property (see Transferring Intellectual Properties - pages 31 - 47. Erbisch also discloses the transfer of intellectual property rights which would include patents. Erbisch does not disclose that the license reserves some or all of the intellectual property rights in the goods to the licensor wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the license are all terms and conditions that are set for the (sic) in a license, or that the goods are claimed in one patent or one or more patents, or wherein the license may be assigned, or may be assigned by the licensee to a first assignee, or whereby the license may be further assigned by the first assignee to a second assignee.

However, the examiner takes Official Notice that terms and conditions are old and well known in all licenses. . . . It would have been obvious to one of ordinary skill in the art to draft a license as presented in claims 1, 13, 25, 26, 27 and 28 with any or all of the terms and conditions set forth in claims 3 - 12 and 14 - 24.

The examiner also take Official Notice that a lease is an exclusive license and both lease and license are contract instruments that convey the right to use or possess to another. A contract, a lease and a license are all legal instruments. A contract is defined in Black Law Dictionary (sic) as an agreement between two or more persons which creates an obligation to

do or not do a particular thing. Therefore, the fact that the licensee is prohibited from using the goods to develop any new intellectual property is merely a condition or obligation not to do a particular thing."

**Claim Rejections Under 35 U.S.C. §112**

The Examiner has rejected claims 1 and 3 - 28 under 35 U.S.C. §112 first paragraph as failing to comply with the enabling requirement. As stated by the Examiner:

"The claim(s) contains subject matter not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and or use the invention. The preamble to the claim reads as 'a method of doing business comprising the transfer of goods owned by a licensor from said licensor to a licensee wherein the goods are claimed in one or more patents owned by licensor and wherein rights in the goods are transferred by means of a license.' However, neither the specification, nor the claims indicate how this physical transfer takes place. A license is an instrument whereby 'rights' are transferred. A license cannot physically transfer the goods."

The Examiner has rejected claims 1 and 3 - 28 under 35 U.S.C. §112 second paragraph as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. As stated by the Examiner:

"It is unclear as to what the applicant actually claims as applicant's invention. Reading the applicant's claims as written, it appears that the applicant is claiming a method of doing business comprising the transfer of goods from a licensor to a licensee. Goods are not physically transferred by the license. The right or privilege to use the goods are transferred by a license. Therefore, if the applicant is actually trying to claim the transfer of goods, then the applicant has failed to provide the steps that carry out the transfer. It appears that applicant may be trying to claim the transfer of intellectual property rights to goods through a license."

## **B. Discussion of the References**

The Examiner has cited Chapter 3, "Transferring Intellectual Properties," pages 31 - 47 from Intellectual Property Rights in Agricultural Biotechnology edited by F. H. Erbis and K. M. Maredia, published by CAB International, Oxon, UK; New York, NY (1998). This chapter discusses the licensing of intellectual property. It does not discuss the sale or transfer of goods wherein the goods are claimed in or are protected by the claims of one or more patents (patented goods) and where rights to use the patent goods may be restricted by the terms of the instrument transferring the patented goods.

The Examiner has cited Black's Law Dictionary as exemplary of terms and conditions. The restricted right to use patented goods is a term or condition that nowhere occurs in Black's Law Dictionary.

## **C. The Issues**

### **Claim Rejections Under 35 U.S.C. §101**

The Examiner has narrowly construed the language of the courts in interpreting the scope of patentable subject matter available for protection by the statute in contrast to the broad scope of patentable subject matter announced by the Court. Such a narrow construction misapprehends the purpose of the instructions ignoring the mandate of the U. S. Constitution which is to define patentable subject matter as that subject matter which can be the subject of an enforceable claim.

### **Claim Rejections Under 35 U.S.C. §102**

The Examiner has not followed either the instructions of the courts or the procedures and instructions of the U. S. Patent and Trademark Office as reflected in the M.P.E.P. in making rejections under section 102 of Title 35. Anticipation requires an identity of subject matter not anywhere referenced in the Examiner's rejections.

**Claim Rejections Under 35 U.S.C. §103**

The Examiner has not followed either the instructions of the courts or the procedures and instructions of the U. S. Patent and Trademark Office as reflected in the M.P.E.P. in making rejections under section 103 of Title 35. Merely pointing to a dictionary or a treatise to substantiate a rejection under 103 is superficial, procedurally defective and therefor is not sufficient for a substantive response on the merits.

**Claim Rejections Under 35 U.S.C. §112**

The Examiner has not followed the instructions of the courts in making rejections under section 112 of Title 35. Applicant's plain teachings in the words of the specification itself both enable and particularly point out and distinctly claim the subject matter of Applicant's. The Examiner has refused to observe the guidance provided by the courts.

**IV. GROUPING OF THE CLAIMS**

The claims are grouped as follows:

Claims 1 and 3 - 28 drawn to a variety of methods. The claims do not all stand or fall together.

## V. THE ARGUMENTS

### Claim Rejections Under 35 U.S.C. §101

In the action finally rejecting Applicant's claims, the Examiner maintained the rejection of claims 1 - 28 under 35 U.S.C. §101 because the claimed invention is directed to subject matter that is alleged to be non-statutory.

This rejection was respectfully traversed because the Examiner's rejection under 35 U.S.C. § 112 by reason of Applicant's claim preamble that recites a physical process, the transfer of goods, that is allegedly not enabled, obviates a rejection under 35 U.S.C. § 101 because a physical process is statutory subject matter. The rejections, made in the prior action on the merits, place the Examiner in the position of taking positions legally contradictory to each other depending on upon which section of the statute the Examiner is basing the rejection.

"The law crystallized about the principle that claims directed solely to an abstract mathematical formula or equation, including the mathematical expression of scientific truth or a law of nature, whether directly or indirectly stated, are non-statutory under section 101; whereas claims to a specific process of apparatus that is implemented in accordance with a mathematical algorithm will generally satisfy section 101. In applying this principle to an invention whose process steps or apparatus elements are described at least in part in terms of mathematical procedures, the mathematical procedures are considered in the context of the claimed invention as a whole." Arrhythmia Research Technology Inc. v. Corazonix Corp., 22 U.S.P.Q.2d 1033, 1035, 1037 (Fed. Cir. 1992).

In making the rejection under section 101 the Examiner has not followed the instructions of the court:

"Determination of statutory subject matter has been conveniently conducted in two stages, following a protocol initiated by the Court of Customs and Patent Appeals. This analysis has been designated the



*Freeman-Walter-Abele* test for statutory subject matter. It is first determined whether a mathematical algorithm is recited directly or indirectly in the claim. If so, it is next determined whether the claimed invention as a whole is no more than the algorithm itself; that is, whether the claim is directed to a mathematical algorithm that is not applied to or limited by physical elements or process steps. Such claims are nonstatutory. However, when the mathematical algorithm is applied in one or more steps of an otherwise statutory process claim, or one or more elements of an otherwise statutory apparatus claim, the requirements of section 101 are met." Arrhythmia, Id.

Transferring goods is a physical process with which the Examiner has agreed in making the section 112 rejection: "Transferring goods is a physical act of moving goods from the possession of the licensor to the licensee."

'The steps included in a claim of "converting," "applying," "determining" and "comparing" are physical process steps that transform one physical, electrical step into another. The view that "there is nothing necessarily physical about 'signals'" is incorrect. The *Freeman-Walter-Abele* standard is met, for the steps of the claimed method comprise an otherwise statutory process whose mathematical procedures are applied to physical process steps." Arrhythmia Research Technology Inc. v. Corazonix Corp., 22 U.S.P.Q.2d 1033, 1035, 1038 (Fed. Cir. 1992).

This is the procedure required by the Board of Patent Appeals and Interferences:

A mathematical algorithm is defined as a procedure for solving a given type of mathematical problem. The proper analysis of mathematical algorithm-statutory subject matter cases is a two-part test. First, it must be determined whether the claim directly or indirectly recites mathematical algorithm in the *Benson* sense. Second, it must be determined whether the mathematical algorithm is applied in any manner to physical elements or process steps. Ex parte Akamatsu, 22 USPQ2d 1915, 1917 (BPAI 1992).

Under the second part of the two-part test, we follow the CCPA's suggestion in *Abele* of viewing the claims without the mathematical algorithm to identify the underlying process to which the mathematical algorithm is applied. If the remaining process steps (without the algorithm) define "otherwise statutory" subject matter, then the inclusion

of the mathematical algorithm does not make the claims nonstatutory.  
Akamatsu, Id.

The Examiner's position in maintaining the section 101 rejection " as an abstract idea that does not provide a practical application in the technological arts based on the fact that the examiner has interpreted the claims in light of the 112 2<sup>nd</sup> rejection above" is contrary to current Supreme Court, Federal Circuit and BPAI doctrine. Applicant has made these points before. Applicant notes that business methods, including those, which transfer goods, are now patentable in the United States. State Street Bank and Trust Co. v. Signature Financial Group, 927 F. Supp. 502, 38 U.S.P.Q.2d 1530 (D. Mass 1996), *rev'd*, 149 F.3d 1368, 47 U.S.P.Q.2d 1596 (Fed. Cir. 1998) *cert. denied* 525 U.S. 1093 (1999). Almost any process can be categorized as an algorithm and on that basis declared unpatentable. Stevens, J. *dissenting in* Diamond v. Diehr, 450 U.S. 175, 209 U.S.P.Q. 1, 11 (1981). However, it should be noted that both Diehr and Arrhythmia stand for the proposition that use of an algorithm in a transformation constitutes patentable subject matter. Diamond v. Diehr, 450 U.S. 175, 209 U.S.P.Q. 1 (1981); Arrhythmia Research Technology, Inc. v. Corazonix Corp., 958 F.2d 1053, 22 U.S.P.Q.2d 1033 (Fed. Cir. 1992).

The Examiner's rejection has been previously traversed for the following reasons. In enacting the 1952 patent statute (Title 35 US Code) Congress intended statutory subject matter to "include anything under the sun that is made by man." Diamond v. Chakrabarty, 477 U.S. 303, 206 U.S.P.Q. 193, 197 (1980) *citing* S. Rep. No. 1979, 82<sup>nd</sup> Cong., 2d Sess., 5 (1952); H.R. Rep. No. 1979, 82<sup>nd</sup> Cong., 2d Sess. 6 (1952). The Court further explained that 35 U.S.C. §101 does not embrace every discovery but "excludes laws of nature, physical phenomena and abstract ideas." Diamond v. Chakrabarty, 477 U.S. 303, (1980) *citing* Parker V. Flook, 437 U.S. 584 (1978); Gottschalk v. Benson, 409 U.S. 63, 67 (1973); Funk Seed Co. v. Kalo Co., 333 U.S. 127,

130 (1948); O'Reilly v. Morse, 15 How. 61 (1853); Le Roy v. Tatham, 14 How. 155, 175 (1852). The Examiner has rejected claims 1- 28 because they allegedly recite an abstract "idea of how to license intellectual property with a reservation of rights." This conclusion is traversed because: 1) the claims recites a transfer of patented goods with an accompanying reservation of intellectual property rights to the transferor, the necessary language of how to reserve the intellectual property rights is recited in the specification, 2) the transfer of goods from a first party to a second party is a physical process not an abstract idea (conceded by the Examiner in making a rejection under section 112 for lack of enablement in the most recent action on the merits); 3) because possession of the goods has been transferred from a first party to a second party, a legal right, possession, has been transferred simultaneous with the physical transfer (the Examiner's hypothecation involving the tortuous or criminal misappropriation of goods as a rebuttal in the previous action on the merits is inapposite, inappropriate and completely unrelated to the legal transfer of goods between parties which occurs by consent and for consideration); and 4) legal rights themselves are not abstract (a statement with which the Examiner agreed in the action on the merits mailed September 10, 2003 at page 12). The claimed invention is a process for transferring goods comprising the reservation of certain legal rights by the transferor, specifically the reservation of intellectual property rights. Under current Supreme Court doctrine as interpreted by the Federal Circuit and the BPAI, Applicant respectfully submits that Applicant's claims, as now amended, subtend statutory subject matter.

The Examiner's statement that the claimed subject matter "does not apply, involve, use, or advance the technological arts" has been respectfully traversed for the following reasons. The first prong of the test utilized by the Examiner (and the Office) unduly limits inventions to "the technological arts" because Article I Section of 8 of the Constitution states the purpose of the patent system is "To promote the Progress of Science and useful arts" not merely just the "technological arts." **U.S. Const. Art. I §8**

This narrowing of utility to just the technological arts is neither warranted by the express intent of Congress or the holdings of the Court because Congress intended statutory subject matter to "include anything under the sun that is made by man." **Diamond v. Chakrabarty**, 477 U.S. 303, 206 U.S.P.Q. 193, 197 (1980) *citing* S. Rep. No. 1979, 82<sup>nd</sup> Cong., 2d Sess., 5 (1952); H.R. Rep. No. 1979, 82<sup>nd</sup> Cong., 2d Sess. 6 (1952). The Court has expressly observed that "**Flook** did not announce a new principle that inventions in areas not contemplated by Congress when the patent laws were enacted are unpatentable *per se*." **Diamond v. Chakrabarty**, 477 U.S. 303, 206 U.S.P.Q. 193, 200 (1980). This therefore must include new legal processes, such as legal processes, as instantly claimed because the judicially created exceptions to patentability under §101 do not expressly exclude legal processes, i.e. the only processes expressly excluded are laws of nature, physical phenomena and abstract ideas." **Diamond v. Chakrabarty**, 477 U.S. 303, (1980), *citations omitted*.

In the Examiner's last response the Examiner states:

"The Examiner admits that transferring goods is a physical process. So is writing a letter. However, until this process is tied to the technological arts, it remains non-statutory. For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e. abstract idea, law of nature, natural phenomena) that do not apply, involve or use the technological arts, fail to promote the "progress of science and the useful arts" (i.e. the physical sciences as opposed to social sciences, for example) and are therefore found to be non-statutory matter. For a process claim to pass muster, the process must somehow apply, involve, use or advance the technological arts. Claims 1 - 28 are rejected under 35 U.S.C. 101 as non-statutory. The method claims as presented do not claim a technological basis in the body of the claim."

In making the statements "The Examiner admits that transferring goods is a physical process. So is writing a letter." The Examiner has confused a process useful in commerce with a process of literary creation. The comparison is inapposite. In summarizing this rejection the Examiner has quoted language from the U. S.

Constitution, Art. 1 Sect. 8 "to promote the 'progress of science and the useful arts'" and then in making the rejection limited the scope of the Constitutional grant to only the technological arts because "[f]or a process claim to pass muster, the process must somehow apply, involve, use or advance the technological arts" completely disregarding the balance of the other useful arts. Such a narrow view of the Constitutional grant is inappropriate.

"The plain and unambiguous meaning of 101 is that any invention falling within one of the four stated categories of statutory subject matter may be patented, provided it meets the other requirements for patentability set forth in Title 35, i.e., those found in §§102, 103, and 112, ¶ 2. The repetitive use of the expansive term "any" in 101 shows Congress's intent not to place any restrictions on the subject matter for which a patent may be obtained beyond those specifically recited in 101. Indeed, the Supreme Court has acknowledged that Congress intended 101 to extend to "anything under the sun that is made by man." *Diamond v. Chakrabarty*. Thus, it is improper to read limitations into 101 on the subject matter that may be patented where the legislative history indicates that Congress clearly did not intend such limitations." **State Street Bank & Trust v. Signature Financial Group**, 47 USPQ2d 1596, 1600 (Fed. Cir. 1998).

Applicant's process changes both the physical possession of patented goods (a transfer from the patentee transferor to a transferee) and their legal state (by reserving intellectual property rights in the goods to the transferor limiting the right of the transferee to develop new intellectual property using the patented goods).

"Defendant argues that method claims containing mathematical algorithms are patentable subject matter only if there is a "physical transformation" or conversion of subject matter from one state into another. The notion of "physical transformation" can be misunderstood. In the first place, it is not an invariable requirement, but merely one example of how a mathematical algorithm may bring about a useful application. As the Supreme Court itself noted, "when (a claimed invention) is performing a function which the patent laws were designed to protect (e.g., transforming or reducing an article to a different state or thing), then the claim satisfies the requirements of § 101." **AT&T**

Corporation v. Excel Communications Inc., 50 U.S.P.Q.2d 1447, 1452 (Fed. Cir. 1999).

This change in legal state alone is sufficient to satisfy the requirement of § 101. The useful application requirement stated by the court is in one aspect an evidentiary requirement to render patent claims enforceable. Application of an algorithm or law of nature that produces a measurable effect or a useful application can be claimed and the claim can be enforced because the effect or application can be monitored. When the specific parameters that particularize an algorithm or a law of nature are absent, there is no resulting effect or application that can become evidence of infringement of the process (which is a specific application of an algorithm or law of nature) and thus section 101 can not be satisfied. Stated otherwise, if a process produces a footprint or physical effect whereby infringement can be determined then the requirements for patentability under section 101 have been met. Applicant's novel process produces such a footprint.. Each transfer reserving intellectual property rights will be somewhat more complicated than an ordinary sale and will thus involve a legal instrument (other than an ordinary bill of sale) that also reserves intellectual property rights. The legal instrument (contract, license or lease) reserving such intellectual property rights itself is evidence (the footprint or physical effect) that the process has been applied to a particular transfer of patented goods and unless permitted would be an infringement. The existence of the legal instrument governing the transfer belies the assertion that Applicant is claiming an abstract idea. The physical effect is the creation and use of a legal instrument meeting the requirements of the claim. "The notion of "physical transformation" can be misunderstood. In the first place, it is not an invariable requirement, but merely one example of how a mathematical algorithm may bring about a useful application." AT& T Corporation v. Excel Communications Inc., id.

"We note these discussions of the meaning of "algorithm" to take the mystery out of the term and we point out once again that every step-by-step process, be it electronic or chemical or mechanical, involves an algorithm in the broad sense of the term. Since §101 expressly includes processes as category of inventions which may be patented and §100(b) further defines the word "process" as meaning "process, art or method and includes a new use of a known process, machine, manufacture, composition of matter, or material," it follows that it is no ground for holding a claim is directed to nonstatutory subject matter to say it includes or is directed to an algorithm. This is why the proscription against patenting has been limited to mathematical algorithms and abstract mathematical formulae which, like the laws of nature, are not patentable subject matter." In re Iwahashi, 12 U.S.P.Q.2d 1908, 1911 (Fed. Cir. 1989).

In making the statement:

"The notion of "physical transformation" can be misunderstood. In the first place, it is not an invariable requirement, but merely one example of how a mathematical algorithm may bring about a useful application." AT& T Corporation v. Excel Communications Inc., 50 U.S.P.Q.2d 1447, 1452 (Fed. Cir. 1999).

the Federal Circuit has reinstated In re Musgrave as good law:

"A method or process remains statutory even if some or all of the steps therein can be carried out: in the mind, with the aid of the human mind, or because it may be necessary for one performing the method or process to think." In re Musgrave, 431 F.2d 882, 893, 167 U.S.P.Q. 280, 289 (C.C.P.A. 1970).

Accordingly, Applicant respectfully submits Applicant's claimed process subtends statutory subject and the examiner's rejection is in error and should be reversed by the Honorable Board of Appeals.

### Claim Rejections Under 35 U.S.C. §102

The Examiner has rejected claims 1 and 3 - 28 under 35 U.S.C. §102(b) as anticipated by Erbisch and Maredia, Intellectual Property Rights in Agricultural

Biotechnology (herein after Erbisch), stating: “ Erbisch discloses a method of doing business comprising the transfer of intellectual property rights in goods from a licensor to a licensee. Terms and conditions are inherent in any license (pages 31 – 47).”

The Examiner has stated: “Erbisch discloses a method of doing business comprising the transfer of intellectual property rights in goods from a licensor to a licensee.” However, simply put, the transfer of intellectual property rights from a licensor to a licensee is not a reservation of those rights by the licensor as claimed instantly. This flies in the face of logic.

“For a prior art reference to anticipate in terms of Sec. 102, every element of the claimed invention must be identically shown in a single reference. *Diversitech Corp. v. Century Steps, Inc.*, 850 F.2d 675, 677, 7 U.S.P.Q.2d 1315, 1317 (Fed. Cir. 1988) These elements must be arranged as in the claim under review, *Lindemann Maschinenfabrik v. American Hoist & Derrick Co.*, 730 F.2d 1452, 1458, 221 U.S.P.Q. 481, 485 (Fed. Cir. 1984), but this is not an ‘*ipsissimus verbis*’ test, *Akzo N. V. V. United States Int’l. Trade Comm’n.*, 808 F.2d 1471, 1479 & n.11, 1 U.S.P.Q.2d 1241, 1245 & n.11 (Fed. Cir. 1986), *cert. denied* 482 U.S. 909 (1987).” **In re Bond**, 910 F.2d 831, 15 U.S.P.Q.2d 1566 (Fed. Cir. 1990).

The each and every element test required for a rejection under section 102 has not been satisfied. Further, the M.P.E.P. requires the Examiner to point out the specific teachings in a cited reference that anticipate. Applicant respectfully submits that the Examiner is in error and should be reversed by the Honorable Board of Appeals

### **Claim Rejections Under 35 U.S.C. §103**

In the action finally rejecting Applicant’s claims the Examiner rejected claims 1, 13, 25, 26, 27 and 28 under 35 U.S.C. 103(a) citing Erbisch stating that:



"Erbisch does not disclose that the license reserves some or all of the intellectual property rights in the goods to the licensor wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the license are all terms and conditions that are set for the in a license(sic), or that the goods are claimed in one patent or one or more patents, or wherein the license may be assigned, or may be assigned by the licensee to a first assignee, or whereby the license may be further assigned by the first assignee to a second assignee. However, the examiner takes Official Notice that terms and conditions are old and well known in all licenses."

However, if Erbisch does not disclose Applicant's claimed subject matter, Erbisch cannot render Applicant's claimed subject matter obvious. Another teaching must be used to remedy the deficiency. The Examiner goes on to maintain "[i]t would have been obvious to one of ordinary skill in the art to draft a license as presented in claims 1, 13, 25, 26, 27, and 28 with any or all of the terms and conditions set forth in claims 2-12 and 14-24." While some terms and conditions may very well be "old and well known in all licenses;" the terms and conditions specifically claimed by Applicant are neither old nor known; specifically the reservation of "some or all of the intellectual property rights in the goods to the licensor," the prohibition on developing new intellectual property: "wherein the transferee is prohibited from using the goods to develop any new intellectual property by the terms of the instrument," and the self-executing remedy of claims 26, 27, and 28: "wherein in consideration of using the goods to develop new intellectual property said use shall be an acceptance by performance by transferee of a contract for joint development of said new intellectual property wherein an undivided interest in said new intellectual property is assigned to transferor." Applicant's claimed invention is neither old nor known as evidenced by the Examiner's inability to establish a *prima facie* case of obviousness.

"To combine references (A) and (B) properly to reach the conclusion that the subject matter of the patent would have been obvious, case law requires that there must be some teaching, suggestion, or inference in

either (A) or (B), or both, or knowledge generally available to one of ordinary skill in the relevant art, that would lead one skilled in the art to combine the relevant teachings of references (A) and (B). Consideration must be given to teachings in the references that would have led one skilled in the art away from the claimed invention. A claim cannot properly be used as a blueprint for extracting individual teachings from references.” Ashland Oil, Inc. v. Delta Resins and Refractories, 776 F.2d 281, 227 U.S.P.Q. 657 (Fed. Cir. 1985), emphasis added.

“The mere fact that the prior art may be modified in the manner suggested by the Examiner does not make the modification obvious unless the prior art suggested the desirability of the modification.” In re Fritch, 972 F.2d 1260, 23 U.S.P.Q.2d 1780, 1783 (Fed. Cir. 1992).

“The mere fact that a worker in the art could rearrange the parts of the reference device to meet the terms of the claims on appeal is not, by itself, sufficient to support a finding of obviousness. The prior art must provide a motivation or reason for the worker in the art, without the benefit of the appellant’s specification, to make the necessary changes in the reference device. The Examiner has not presented any evidence to support the conclusion that a worker in this art would have had the necessary motivation to make the necessary changes in the reference device to render the here-claimed device unpatentable.” Ex parte Chicago Rawhide Manufacturing Co., 226 U.S.P.Q. 438 (B.P.A.I. 1984).

The Examiner has not pointed to any teaching in the cited art motivating or suggesting Applicant’s specific terms and conditions. The Examiner has not pointed to any motivation or suggestion in the art cited to combine these terms to arrive at Applicant’s instruments. Indeed the Examiner concedes that Erbisch does not teach Applicant’s recited claims: “Erbisch does not disclose that the license reserves some or all of the intellectual property rights in the goods to the licensor wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the license” and in making the rejection under section 102(b) cites provisions that teach away from Applicant’s teaching: “Erbisch discloses a method of doing business comprising the transfer of intellectual property rights in goods from licensor to licensee

(transferring rights as opposed to Applicant's reservation of those rights). Further, the Examiner has cited Black's Law Dictionary as exemplary of terms and conditions. The restricted right to use patented goods is a term or condition that nowhere occurs in Black's Law Dictionary. Citing Black's Law Dictionary for the proposition that it renders Applicant's claimed invention, which includes unique terms and conditions of a legal document as part of a new process, obvious is analogous to citing the Periodic Table of Elements for the proposition that the Periodic Table renders a new molecule or composition of matter obvious. Even if the Examiner's rejection were permissible the courts have given a fair amount of guidance as to what constitutes a permissible rejection:

"[i]t is impermissible within the framework of 35 U.S.C. 103 to pick and choose from any one reference only so much of it as will support a given position to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one skilled in the art." Bausch & Lomb, Inc. v. Barnes-Hind Hydrocurve, Inc., 230 U.S.P.Q.2d 416 (Fed. Cir. 1986).

also

"It is impermissible to use the claims as a frame and the prior art references as a mosaic to piece together a facsimile of the claimed invention." Uniroyal Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 5 U.S.P.Q.2d 1434, 1438 (Fed. Cir. 1988).

Once again, the examiner's rejection flies in the face of logic.

Last but not least the Examiner has not posited any rationale for making the combination of Erbisch and Black's Law Dictionary:

"Selective hindsight is no more applicable to the design of experiments than it is to the combination of prior art teachings. There must be a reason or suggestion in the art for selecting the procedure used, other than the knowledge learned from applicant's disclosure." In re Dow Chemical Co., 837 F.2d 469, 5 U.S.P.Q.2d 1529 (Fed. Cir. 1988).

"To combine references (A) and (B) properly to reach the conclusion that the subject matter of the patent would have been obvious, case law requires that there must be some teaching, suggestion, or inference in either (A) or (B), or both, or knowledge generally available to one of ordinary skill in the relevant art, that would lead one skilled in the art to combine the relevant teachings of references (A) and (B). Consideration must be given to teachings in the references that would have led one skilled in the art away from the claimed invention. A claim cannot properly be used as a blueprint for extracting individual teachings from references." Ashland Oil, Inc. v. Delta Resins and Refractories, 776 F.2d 281, 227 U.S.P.Q. 657 (Fed. Cir. 1985), emphasis added.

"If examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent. See *In re Grabiak*, 769 F.2d 729, 733, 226 USPQ 870, 873 (Fed. Cir. 1985); *In re Rinehart*, *supra*." *In re Oetiker*, 24 U.S.P.Q.2d 1443, 1444 (Fed. Cir. 1992) Not only has the Examiner failed to make out a *prima facie* case of obviousness but the Examiner is also in error and should be reversed by the Honorable Board of Appeals.

#### Claim Rejections Under 35 U.S.C. §112

In the action finally rejecting Applicant's claims the Examiner the rejected claims 1-28 under 35 U.S.C. §112 first paragraph as failing to comply with the enablement requirement. The Examiner has stated:

"Claims 1-28 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contain subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention. The preamble to the claim reads as "a method of doing business comprising the transfer of goods from a licensor to a licensee." Transferring goods is a physical act of moving goods from the possession of the licensor to the licensee. However, neither the specification nor the claims indicate how

this physical transfer takes place. A license is an instrument whereby rights are transferred. A license cannot physically transfer the goods."

The Examiner has interpreted the claim giving effect to the structural limitation of the preamble: "Transferring goods is a physical act of moving goods from the possession of the licensor to the licensee. However, neither the specification nor the claims indicate how this physical transfer takes place." Here Applicant's claim preamble establishes that the claimed process involves the transfer of goods, a process satisfying the requirements of section 101:

"Although no 'litmus test' exists as to what effect should be accorded to words contained in a preamble, review of a patent in its entirety should be made to determine whether the inventors intended such language to represent an additional structural limitation or mere introductory language." In re Paulsen, 30 F.3d 1474, 31 U.S.P.Q.2d 1671, 1673 (Fed. Cir. 1994).

"A claim preamble has the import that the claim as a whole suggests for it. When the claim drafter chooses to use both the preamble and the body to define the subject matter of the claimed invention, the invention so defined and not some other, is the one the patent protects." Bell Communications Research Inc. v Vitalink Communications Corp., 55 F.3d 615, 34 U.S.P.Q.2d 1816, 1820 (Fed. Cir. 1995).

The Examiner agrees that transferring goods is a physical process and rejects Applicant's claims for lack of enablement. Applicant has respectfully traversed the Examiner's position that the process of transferring goods is not enabled because despite the Examiner's assertion that: "neither the specification nor the claims indicate how this physical transfer takes place:"

"Claims need not recite limitations that deal with factors that must be presumed to be within the level of ordinary skill in the art, where one of ordinary skill in the art, to whom the specification and claims are directed, would consider such factors obvious." In re Skrivan, 427 F.2d 801, 166 U.S.P.Q. 85 (C.C.P.A. 1970).

Millions of ordinary Americans transfer goods daily; they do not however transfer goods reserving intellectual property rights. Applicant teaches generally how to reserve those rights and provides examples in Applicant's specification of the requisite language to reserve at least one of those rights, the right to use the patented goods to develop new intellectual property rights, to the licensor, lessor or contractor. The statute does not require more. Engel Indus., Inc. v. Lockformer Co., 946 F.2d 1528, 1531 (Fed. Cir. 1991).

Further, Applicant respectfully requests the Honorable Board of Appeals to take notice of the specific teachings in Applicants specification:

"Unlike a business to business transaction where the types of materials licenses (or leases) of the method of the present invention are contemplated and are negotiated, consumer transactions at retail do not provide opportunity for such give and take in negotiating to obtain the benefit of the bargain. In retail transactions the consumer must be given fair notice that the goods are not being purchased but are instead being leased and that the lease imposes certain restrictions on use, specifically the reservation of intellectual property rights and a prohibition on exercising the right to experiment with the licensed goods to create new intellectual property rights. In order to provide fair notice to the transferee (consumer) of goods encumbered with such a reservation of intellectual property rights, the notice must be prominently displayed on the outside packaging of the goods being transferred so that the prospective transferee has or would have had the opportunity to read and accept the terms of the notice prior to consummating the transaction.

One embodiment of such a notice on the outside of the packaging would deal with materials or articles covered by the claims of valid and enforceable patents and could read as follows:

"NOTICE - Materials (or Article) License - Intellectual Property Rights Reserved and

Notice of Contract Formation - the materials (or article) contained in this packaging are (or is) the subject of one of more United States (or other jurisdiction) patents (list of relevant patent numbers). The price on this package reflects the cost to license the materials (or article) within from the patentee or assignee (hereinafter licensor) for a period of time not to

exceed the latest relevant expiring patent grant. The licensor is the patentee or assignee of the United States (or other jurisdiction) patents listed above and is leasing the materials or article herein contained to licensee in consideration of the price of transfer subject to the following terms and conditions:

- 1) all rights to use and enjoy the materials or articles contained herein are being transferred to the licensee by the licensor (patentee or assignee of the patent) including the right to assign this license or sub-license to the materials or articles contained herein with the exception of:
  - a) all rights in the intellectual property embodied by the materials or articles being licensed and
  - b) the right to use the materials or article or the intellectual property embodied by the materials or article in any fashion or manner that creates new intellectual property rights where such intellectual property rights are not vested in the licensor;
- 2) licensee agrees and promises that when acting as an assignor or sub-licensor that assignor or sub-licensor will advise and require all subsequent assignees or sub-licensees to publish this notice and bind these terms to subsequent transferees (hereinafter sub-transferee) who by accepting this material or article become sub-transferees; and
- 3) all subsequent transferees and successors in interest to this license as sub-transferees are bound by these limitations whether the material or article herein contained is transferred for consideration or by act of donation.
- 4) Licensor's remedy for breach of this license by licensee, sub-licensee or sub-transferee may include at licensor's option revocation of this license and/or repossession of the licensed goods, contract damages, damages for patent infringement and all other available remedies at law or in equity or
- 5) where licensee, assignee of the license, sub-licensee or sub-transferee develops new intellectual property in breach of this license, in consideration of the exercise of the right to experiment with the licensed goods and thereby develop new intellectual property licensee, assignee of the license, sub-licensee or sub-transferee agrees that such exercise shall be an acceptance by performance of a contract for joint development of the new intellectual property where both licensor and licensee, assignee of the license, sub-licensee or sub-transferee own an undivided interest in the new intellectual property and licensee, assignee of the license, sub-licensee or sub-transferee hereby agrees to assign to licensor a one-half undivided interest in any intellectual property developed thereby and to make all reasonable efforts to perfect such intellectual property rights and to

execute all documents necessary to establish such undivided right, title and interest in licensor. This license shall be governed by the law of the state of (select state) without giving effect to its choice of law provisions. At the expiration of the last to expire relevant patent grant, this license expires. No variation in the terms of this license is permitted unless agreed to in writing by licensor. Licensor may be contacted at (licensor's address)." Specification, page 7 *et seq.*

The Honorable Board of Appeals is referred to Applicant's claim 27 in the Appendix.

Applicant respectfully submits that the text quoted from Applicant's specification fully enables claim 27.

"The enablement requirement is met if the description enables any mode of making and using the claimed invention. Engel Indus., Inc. v. Lockformer Co., 946 F.2d 1528, 1531 (Fed. Cir. 1991) *cited in* CFMT, Inc. v. YieldUp Intern, Corp. 349 F.3d 1333, 1338, *rehearing denied* 68 U.S.P.Q.2d 1940 (Fed Cir. 2003)

Since claim 27 is "any mode of making and using the claimed invention" the Examiner is in error and should be reversed by the Honorable Board of Appeals.

In the action finally rejecting Applicant's claims the Examiner has rejected claims 1 and 3 - 28 under 35 U.S.C. §112 second paragraph as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. As stated by the Examiner:

"It is unclear as to what the applicant actually claims as applicant's invention. Reading the applicant's claims as written, it appears that the applicant is claiming a method of doing business comprising the transfer of goods from a licensor to a licensee. Goods are not physically transferred by the license. The right or privilege to use the goods are transferred by a license. Therefore, if the applicant is actually trying to claim the transfer of goods, then the applicant has failed to provide the steps that carry out the transfer. It appears that applicant may be trying to claim the transfer of intellectual property rights to goods through a license."



As previously stated by the Examiner: "Erbisch discloses a method of doing business comprising the transfer of intellectual property rights in goods from a licensor to a licensee[.] and [i]t appears that applicant may be trying to claim the transfer of intellectual property rights to goods through a license." The Examiner is completely misapprehending the plain language of Applicant's claims by confusing the transfer of intellectual property rights from a licensor to a licensee with a reservation of those rights by the licensor as claimed instantly. This flies in the face of logic. The Examiner is in error and should be reversed by the Honorable Board of Appeals.

### **The Separate Patentability of Applicant's Claims**

Applicant respectfully submits that several of the independent claims are separately patentable. In claim 1 Applicant recites "the terms of the license reserve some or all of the intellectual property rights in the goods to the licensor and wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the license." The restriction "wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the license " satisfies the condition that "the terms of the license reserve some or all of the intellectual property rights in the goods to the licensor." Claim 25 recites these same conditions but adds "wherein the last transfer is a transfer of goods at retail. Claim 27 recites many of the same conditions as claim 1 but adds a self-executing remedy for breach of the provisions "wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the license " by the following language "wherein said instrument further comprises a unilateral contract formation provision wherein in consideration of using the goods to develop new intellectual property said use shall be an acceptance by performance by transferee of a contract for joint development of said new intellectual property wherein an undivided interest in said new intellectual

property is assigned to transferor." Claim 28 combines the conditions present in claim 25 and claim 27.

## VI. CONCLUSIONS

In rejecting Applicant's claims under 35 U.S.C. §101 for lack of statutory subject matter the Examiner has misunderstood and ignored the clear teachings of the courts:

"Since §101 expressly includes processes as category of inventions which may be patented and §100(b) further defines the word "process" as meaning "process, art or method and includes a new use of a known process, machine, manufacture, composition of matter, or material," it follows that it is no ground for holding a claim is directed to nonstatutory subject matter to say it includes or is directed to an algorithm." In re Iwahashi, 12 U.S.P.Q.2d 1908, 1911 (Fed. Cir. 1989).

Clearly the requirement posited by the Examiner for a physical effect resulting from Applicant's process is a misunderstanding of the current state of the law:

"The notion of "physical transformation" can be misunderstood. In the first place, it is not an invariable requirement, but merely one example of how a mathematical algorithm may bring about a useful application." AT& T Corporation v. Excel Communications Inc., 50 U.S.P.Q.2d 1447, 1452 (Fed. Cir. 1999).

as is the Examiner's insistence on a requirement for a technological effect - because technology is distinct from other useful arts because "the word 'process' as meaning 'process, art or method.'"

The Examiner is in error and should be reversed by the Honorable Board of Appeals.

The Examiner has made a rejection under 35 U.S.C. §102 broadly citing a reference without any specific citations. This is both procedurally and substantively defective. The Examiner has not performed any analysis mapping Applicant's claims to elements in the reference(s) as required by In re Bond.

"For a prior art reference to anticipate in terms of Sec. 102, every element of the claimed invention must be identically shown in a single reference.

*Diversitech Corp. v. Century Steps, Inc.*, 850 F.2d 675, 677, 7 U.S.P.Q.2d 1315, 1317 (Fed. Cir. 1988) These elements must be arranged as in the claim under review, *Lindemann Maschinenfabrik v. American Hoist & Derrick Co.*, 730 F.2d 1452, 1458, 221 U.S.P.Q. 481, 485 (Fed. Cir. 1984), but this is not an '*ipsissimus verbis*' test, *Akzo N. V. V. United States Int'l. Trade Comm'n.*, 808 F.2d 1471, 1479 & n.11, 1 U.S.P.Q.2d 1241, 1245 & n.11 (Fed. Cir. 1986), *cert. denied* 482 U.S. 909 (1987)." **In re Bond**, 910 F.2d 831, 15 U.S.P.Q.2d 1566 (Fed. Cir. 1990).

The Examiner is in error and should be reversed by the Honorable Board of Appeals.

The Examiner has made a rejection under 35 U.S.C. §103 broadly citing general references without any specific citations or providing any motivation to combine elements in the references to arrive at Applicant's claimed invention. The Court has the requirements for a rejection under section 103: "Under §103, the scope and content of the prior art are to be determined; the differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the background art resolved." **Graham et al. v. John Deere Co.**, 148 U.S.P.Q. 459, 467, 383 U.S. 1 (1966) The Examiner has performed none of the analysis required under **Graham v. Deere**. This is both procedurally and substantively defective.

Citing Black's Law Dictionary for the proposition that it renders Applicant's claimed invention, including elements comprising unique terms and conditions, obvious is analogous to citing the Periodic Table of Elements for the proposition that the Periodic Table renders a new molecule or composition of matter obvious, a preposterous, if not gratuitous proposition. Even if the Examiner's rejection were permissible the courts have given a fair amount of guidance as to what constitutes a permissible rejection:

"[i]t is impermissible within the framework of 35 U.S.C. 103 to pick and choose from any one reference only so much of it as will support a given position to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one skilled in the art." **Bausch &**

Lomb, Inc. v. Barnes-Hind Hydrocurve, Inc., 230 U.S.P.Q.2d 416 (Fed. Cir. 1986).

also

“It is impermissible to use the claims as a frame and the prior art references as a mosaic to piece together a facsimile of the claimed invention.” Uniroyal Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 5 U.S.P.Q.2d 1434, 1438 (Fed. Cir. 1988).

The Examiner is in error and should be reversed by the Honorable Board of Appeals.

The Examiner has rejected Applicant's claims under the provisions of 35 U.S.C. §112. In making these rejections the Examiner has confused the licensing (or transfer) of intellectual property rights with Applicant's claimed property transfer where intellectual property rights are NOT licensed. Simply because the Examiner is confused does not justify a section 112 rejection. Further, the Examiner has rejected the claims for lack of enablement. By the very language in Applicant's specification and quoted herein, the claims satisfy the enablement requirement.

“The enablement requirement is met if the description enables any mode of making and using the claimed invention. Engel Indus., Inc. v. Lockformer Co., 946 F.2d 1528, 1531 (Fed. Cir. 1991) *cited in* CFMT, Inc. v. YieldUp Intern, Corp. 349 F.3d 1333, 1338, *rehearing denied* 68 U.S.P.Q.2d 1940 (Fed Cir. 2003)

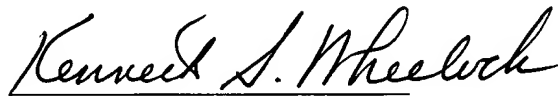
The Examiner is in error and should be reversed by the Honorable Board of Appeals.

Applicant has demonstrated the clear and plain error of each every rejection made by the Examiner.

“If examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent. See *In re Grabiak*, 769 F.2d 729, 733, 226 USPQ 870, 873 (Fed. Cir. 1985); *In re Rinehart, supra.*”  
*In re Oetiker*, 24 U.S.P.Q.2D 1443, 1444 (Fed. Cir. 1992)

Applicant therefore respectfully requests the Honorable Board of Appeals to reverse each and every rejection of the Examiner regarding claims 1 and 3 - 28, all the claims currently on appeal.

Respectfully submitted:

A handwritten signature in cursive script that reads "Kenneth S. Wheelock". The signature is written in black ink and is positioned above a horizontal line.

25 Juliana Drive  
Pittsfield, MA 01201  
October 4, 2004  
KSW/ksw

Kenneth S. Wheelock  
Applicant pro se and Attorney  
Registration No. 36,340  
Telephone No. (413) 442-1857

**APPENDIX A**

The claims standing on appeal are:

1. (previously amended) A method of doing business comprising the transfer of goods owned by a licensor from said licensor to a licensee wherein the goods are claimed in one or more patents and wherein rights in the goods are transferred by means of a license having terms said rights in the goods comprising intellectual property rights wherein the terms of the license reserve some or all of the intellectual property rights in the goods to the licensor and wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the license.
2. (canceled) The method of claim 1 wherein the goods are claimed in one or more patents.
3. (previously amended) The method of claim 1 wherein the license is assigned by the licensee to a first assignee.
4. (previously amended) The method of claim 3 wherein the license is further assigned by the first assignee to a second assignee.
5. (previously amended) The method of claim 4 wherein the license is further assigned by the first assignee to a second assignee.
6. (original) The method of claim 5 wherein the goods are claimed in one patent.
7. (previously amended) The method of claim 6 wherein the license is assigned by the licensee to a first assignee.

8. (previously amended) The method of claim 7 wherein the license is further assigned by the first assignee to a second assignee.
9. (original) The method of claim 2 wherein the goods are claimed in more than one patent.
10. (original) The method of claim 9 wherein the license is assigned by the licensee to a first assignee.
11. (original) The method of claim 10 wherein the license is further assigned by the first assignee to a second assignee.
12. (original) The method of claim 2 wherein the term of the instrument expires prior to or concurrently with the term of the patents.
13. (previously amended) A method of doing business comprising the transfer of goods owned by a transferor from said transferor to a transferee wherein the goods are claimed in one or more patents and wherein rights in the goods are transferred one or more times by means of an instrument selected from the group consisting of contracts, leases or licenses, said instrument having terms said rights in the goods comprising intellectual property rights wherein the terms of the instrument and all subsequent instruments transferring said goods reserve some or all of the intellectual property rights in the goods to the transferor and wherein the transferee is prohibited from using the goods to develop any new intellectual property by the terms of the instrument.

14. (original) The method of claim 13 wherein the goods are the subject of one or more claims of one or more patents.
15. (original) The method of claim 14 wherein the instrument is a license.
16. (previously amended) The method of claim 15 wherein the license is assigned.
17. (original) The method of claim 14 wherein the instrument is a contract.
18. (previously amended) The method of claim 17 wherein the contract is assigned.
19. (original) The method of claim 14 wherein the instrument is a lease.
20. (previously amended) The method of claim 19 wherein the lease is assigned.
21. (previously amended) The method of claim 16 wherein the license is further assigned.
22. (previously amended) The method of claim 18 wherein the contract is further assigned.
23. (previously amended) The method of claim 20 wherein the lease is further assigned.
24. (previously amended) The method of claim 14 wherein the term of the instrument expires prior to or concurrently with the term of the patents.



25. (previously amended) A method of doing business comprising the transfer of goods owned by a transferor from a said transferor to a transferee wherein the goods are claimed in one or more patents and wherein rights in the goods are transferred one or more times by means of an instrument selected from the group consisting of contracts, leases or licenses said instrument having terms said rights in the goods comprising intellectual property rights wherein the terms of the instrument and all intervening instruments reserve some or all of the intellectual property rights in the goods to the transferor and wherein the transferee or sub-transferee is prohibited from using the goods to develop any new intellectual property by the terms of the instrument wherein the last transfer is a transfer of goods at retail.
26. (previously amended) A method of doing business comprising the transfer of goods owned by a licensor from said licensor to a licensee wherein the goods are claimed in one or more patents and wherein by the terms of the license rights in the goods are transferred by means of a license having terms said rights in the goods comprising intellectual property rights wherein the terms of the license reserves some or all of the intellectual property rights in the goods to the licensor and wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the license wherein said license further comprises a unilateral contract formation provision wherein in consideration of using the goods to develop new intellectual property said use shall be an acceptance by performance by lessee of a contract for joint development of said new intellectual property wherein an undivided interest in said new intellectual property is assigned to lessor.
27. (previously amended) A method of doing business comprising the transfer of goods owned by a transferor from a said transferor to a transferee wherein the

goods are claimed in one or more patents and wherein rights in the goods are transferred one or more times by means of an instrument selected from the group consisting of contracts, leases or licenses, said instrument having terms said rights in the goods comprising intellectual property rights wherein by the terms of the instrument and all subsequent instruments transferring said goods reserve some or all of the intellectual property rights in the goods to the transferor and wherein the transferee is prohibited from using the goods to develop any new intellectual property by the terms of the instrument wherein said instrument further comprises a unilateral contract formation provision wherein in consideration of using the goods to develop new intellectual property said use shall be an acceptance by performance by transferee of a contract for joint development of said new intellectual property wherein an undivided interest in said new intellectual property is assigned to transferor.

28. (previously amended) A method of doing business comprising the transfer of goods owned by a transferor from a said transferor to a transferee wherein the goods are claimed in one or more patents and wherein rights in the goods are transferred one or more times by means of an instrument selected from the group consisting of contracts, leases or licenses, said instrument having terms said rights in the goods comprising intellectual property rights wherein by the terms of the instrument and all subsequent instruments transferring said goods reserve some or all of the intellectual property rights in the goods to the lessor wherein the transferee is prohibited from using the goods to develop any new intellectual property by the terms of the lease wherein the last transfer is a transfer of goods at retail wherein said instrument further comprises a unilateral contract formation provision wherein in consideration of using the goods to develop new intellectual property said use shall be an

acceptance by performance by transferee of a contract for joint development of said new intellectual property wherein an undivided interest in said new intellectual property is assigned to lessor.